

BALANCE OF PAYMENTS (BoP) DEVELOPMENTS¹:

Second Quarter 2020 (2020Q2)



1. Reflecting the impact of the COVID-19 pandemic on the economy, the external current account deficit has been estimated at about Rs13.1 billion (equivalent to USD327 million or 15.1 per cent of GDP) for 2020Q2 compared to Rs4.8 billion (equivalent to USD138 million or 3.9 per cent of GDP) for 2019Q2. This significant increase stems from an unprecedented deficit in the services account and a lower surplus in the primary income account.
2. The deficit on the goods account improved thanks to a higher decline in nominal imports relative to nominal exports. The goods account deficit narrowed from Rs25.5 billion (equivalent to USD727 million or 20.6 per cent of GDP) in 2019Q2 to Rs19.6 billion (equivalent to USD490 million or 22.5 per cent of GDP) in 2020Q2.
3. Exports of goods (f.o.b.) dropped by 40.1 per cent, from Rs20.5 billion (equivalent to USD584 million or 16.5 per cent of GDP) in 2019Q2 to Rs12.3 billion (equivalent to USD307 million or 14.1 per cent of GDP) in 2020Q2, dragged down mostly by significant contractions of 45.4 per cent and 36.0 per cent in 'Domestic exports' and 'Re-exports', respectively.
4. Imports of goods (c.i.f.) declined by 28.8 per cent, from Rs48.5 billion (equivalent to USD1,382 million or 39.1 per cent of GDP) in 2019Q2 to Rs34.5 billion (equivalent USD863 million or 39.7 per cent of GDP) in 2020Q2, mainly on account of lower imports of '*refined petroleum products*', '*machinery & transport equipment*' and '*manufactured goods classified chiefly by material*'.
5. The services account turned to an unprecedented deficit of Rs1.1 billion (equivalent to USD28 million) in 2020Q2, directly impacted by the transport and travel restrictions imposed due to COVID-19 pandemic. Tourism earnings recorded a substantial decline of Rs12.6 billion, from Rs14.5 billion in 2019Q2 to Rs1.9 billion in 2020Q2. Export of transport services contracted sharply, from Rs3.1 billion to Rs0.5 billion over the same period.
6. Inclusive of Global Business License Holders (GBLHs) flows, the primary income account has been estimated at Rs9.2 billion (equivalent to USD230 million) in 2020Q2, lower compared to Rs17.2 billion (equivalent to USD491 million) in 2019Q2. Exclusive of GBLHs flows, the surplus on the primary income account amounted to Rs3.8 billion in 2020Q2, lower compared to Rs5.6 billion recorded in 2019Q2.

¹ Including estimates of transactions of Global Business License Holders (GBLHs).

7. The deficit on the secondary income account has been estimated at Rs1.6 billion (equivalent to USD39 million) in 2020Q2 compared to Rs3.3 billion (equivalent to USD95 million) in 2019Q2. Exclusive of GBLHs flows, the secondary income account posted a surplus of Rs391 million as against a deficit of Rs202 million over the same period.
8. Net borrowing on the financial account, inclusive of reserve assets, has been estimated at Rs9.8 billion (equivalent to USD244 million) in 2020Q2 compared to Rs6.0 billion (equivalent to USD170 billion) in 2019Q2.
9. The direct investment account, inclusive of GBLHs' flows, is estimated to have registered net inflows of Rs13.3 billion (equivalent to USD332 million) in 2020Q2. Excluding GBLHs flows, non-residents' direct investment in Mauritius, net of repatriation, amounted to Rs2.6 billion (equivalent to USD64 million) in 2020Q2 compared to Rs5.2 billion (equivalent to USD148 million) in 2019Q2. Residents' direct investment abroad, net of repatriation and GBLHs' flows, summed to Rs332 million (equivalent to USD8 million) in 2020Q2, lower than Rs556 million (equivalent to USD16 million) recorded in 2019Q2.
10. The portfolio investment account is estimated to have posted net outflows of Rs51.5 billion (equivalent to USD1,287 million) in 2020Q2. Exclusive of GBLHs' flows, the portfolio investment account recorded net outflows of Rs12.2 billion (equivalent to USD304 million), higher compared to Rs7.3 billion (equivalent to USD207 million) in 2019Q2. Net disinvestment by non-residents on the Stock Exchange of Mauritius amounted to Rs577 million (equivalent to USD14 million) in 2020Q2, lower than Rs587 million (equivalent to USD17 million) recorded in 2019Q2.
11. The other investment account is estimated to have recorded net inflows of Rs45.3 billion (equivalent to USD1,131 million) in 2020Q2. The other investment account, excluding GBLHs flows, have posted net outflows of Rs325 million (equivalent to USD8 million) in 2020Q2. The government received a net disbursement of external loans amounting to Rs8.6 billion (equivalent to USD214 million), as against a net loan repayment of Rs0.4 billion (equivalent to USD12 million) in 2019Q2.
12. The country recorded an overall balance of payments deficit of Rs3.9 billion (equivalent to USD97 million) in 2020Q2, as against a surplus of Rs19.2 billion (equivalent to USD547 million) in 2019Q2, mainly reflecting the Bank's intervention on the domestic foreign exchange market.

Tables 1 and 2 provide details on the balance of payments in Mauritian rupees and the equivalent in US dollars, respectively.